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POLICIES OF APARTHEID OF THE GOVERNMENT OF
SOUTH AFRICA

SECURITY COUNCIL
Thirty-sixth year

Letter dated 10 April 1981 from the Chairman of the Special
Committee against Apartheid to the Secretary-General

I have the honour to transmit to you, for the attention of the General Assembly and the Security Council, the Declaration of the International Seminar on Loans to South Africa, organized by the Special Committee against Apartheid at Zurich, Switzerland, from 5 to 7 April 1981, in co-operation with the World Council of Churches, the Non-Governmental Organizations Sub-Committee on Racism, Racial Discrimination, Apartheid and Decolonization, the Swiss Anti-Apartheid Movement and the Berne Declaration Group.

I should be grateful if you would have this letter and the declaration circulated as a document of the General Assembly, under item 32 of the preliminary list, and of the Security Council.

(Signed) B. Akporode CLARK
Chairman of the
Special Committee against Apartheid

* Reissued for technical reasons.

** A/36/50.

ANNEX

DECLARATION OF INTERNATIONAL SEMINAR ON LOANS TO
SOUTH AFRICA

Zurich, Switzerland, 5 - 7 April 1981

The International Seminar on Loans to South Africa was organized by the Special Committee against Apartheid, in co-operation with the World Council of Churches, the Non-Governmental Organizations Sub-Committee on Racism, Racial Discrimination, Apartheid and Decolonization, the Swiss Anti-Apartheid Movement and the Berne Declaration Group. It was held at Kongresshaus, Zürich, Switzerland, from 5 to 7 April 1981.

Participants in the Seminar included representatives of United Nations bodies and other intergovernmental organizations, Governments, national liberation movements of South Africa and Namibia, and non-governmental organizations active in campaigns to end loans to South Africa, as well as experts.

This Seminar took place at a critical time in southern Africa in view of:

- the brutal measures being taken by the racist régime of South Africa in enforcing its apartheid policies in the face of the growing resistance and struggle of the oppressed people for liberation;
- South Africa's defiance of the United Nations plan for Namibian independence based on free elections, and its efforts to sustain its illegal occupation through armed violence against SWAPO and the Namibian people;
- its systematic acts of subversion, destabilization, terrorism and aggression against the Frontline States and its efforts to establish an imperial role for apartheid South Africa in southern Africa;
- the claims of the South African racist régime that meaningful reforms were occurring despite the fact that white minority rule remains firmly entrenched; and
- the encouragement and support being rendered on an increasing scale by international banks and transnational corporations in the provision of advanced technology, capital, loans and other financial and banking facilities for sustaining the apartheid economy, providing it with the resources for a military and nuclear capability which now constitutes a major threat to international peace and security.

The Seminar is convinced that this crisis has been rendered particularly acute by the present policies of the major Western Governments in colluding with the Pretoria régime, enabling their monetary and financial institutions and other corporations to buttress apartheid. In this way, the world-wide struggle for comprehensive mandatory sanctions against apartheid is being systematically thwarted and defied.

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The Seminar notes with grave concern the increase in loans and credits to South Africa by major banks and financial institutions since the middle of 1980. It further expresses serious concern over moves of the new Administration in the United States of America to strengthen friendly relations with the apartheid régime.

The Seminar, therefore, believes that the present crisis requires urgent mobilization of the United Nations and its various agencies, governments, trade unions, churches, and the anti-apartheid organizations for a campaign which will bring an end to the international financial support for apartheid and promote comprehensive sanctions against South Africa.

As the Chairman of the Seminar pointed out:

"Today the Black South Africans are standing on their feet at great personal sacrifice and danger, in bold affirmation of the eternal truth that there is but one humanity - one human family. Let us stand by their side".

The representative of the Special Committee against Apartheid emphasized the role of loans in buttressing apartheid and declared:

". . . every dollar or pound or franc invested in South Africa is a bullet aimed against the black people and children in South Africa".

The Role of Foreign Banks

It is in this context the Seminar examined the role of loans to South Africa.

It agreed that foreign loans to, and Western bank involvement in, South Africa supported the system of apartheid in numerous ways.

- (a) The loans provide the financing, directly or indirectly, to the racist régime of South Africa in the expansion of its repressive apparatus, its massive militarization and nuclear programmes, and its aggression against independent African States. Such loans have the effect of enabling South Africa to breach the United Nations arms embargo and the oil embargo by the oil producing states.
- (b) Loans to the South African Government and its agencies provide badly needed capital for strategic projects of the huge government-controlled South African Coal, Gas and Oil Corporation (SASOL), and the Electricity Supply Commission (ESCOM), designed to strengthen its military capabilities and resist international sanctions.

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- (c) Many trade-related loans facilitate trade in strategic materials between South Africa and Western countries, providing heavy equipment or electronic products which are critical to the development of such strategic industries as SASOL and ESCOM, and also to ARMSCOR, the government-owned Armaments Corporation.
- (d) Banks operating in South Africa are required by law to invest a portion of their assets in Government securities, thus providing additional capital for the racist régime, including its Defence Department through the purchase of defence bonds.
- (e) The loans convey the message to South Africa that "business as usual" will continue with the Western countries despite the verbal condemnation of apartheid. They build a vested interest in the status quo in southern Africa that makes Western Governments even more reluctant to support international action to eradicate apartheid and to enable the people of South Africa and Namibia to attain freedom. They result in active pro-apartheid lobbies in Western countries.
- (f) Loans are being raised by South Africa, with the collaboration of major Western banks, ostensibly to assist black housing or health projects. These loans are used to deceive world opinion, assist South Africa's external propaganda efforts, and enable banks to resume and increase involvement in South Africa. They also free resources for military and strategic projects.

Main Banks and Financial Institutions involved in lending to South Africa

The following banks and financial institutions were identified by the Seminar as major lenders to, or substantially involved with, South Africa in defiance of appeals by the United Nations, the people of South Africa and Namibia, and numerous non-governmental organizations:

Belgium

Kredietbank
Société Générale de Banque

Canada

Bank of Nova Scotia
Canadian Imperial Bank of Commerce
Royal Bank of Canada
Bank of Montreal

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Federal Republic of Germany

Dresdner Bank AG
Deutsche Bank AG
Commerzbank AG
Berliner Handels-und Fränkfurter Bank
Bayerische Vereinsbank
Westdeutsche Landesbank Girozentrale
(as well as 15 other state-controlled banks)

France

Banque de l'Indochine
Crédit Commercial de France
Crédit Lyonnais
Banque de Paris et des Pays-Bas
Société Générale
Banque National de Paris

Switzerland

Union de Banques Suisses
Crédit Suisse
Société de Banque Suisse

United Kingdom

Hill Samuel and Company
Barclays Bank
Standard Chartered
Hambros Ltd.

USA

Citibank
Manufacturers Hanover Trust
First Pennsylvania Bank
Morgan Guaranty Trust
Bank of America
Continental Illinois
First Chicago Bank Corporation and numerous investment banks

The Seminar urges African, non-aligned, oil producing and other States committed to the liberation of southern Africa, as well as Parliaments and public organizations in the countries concerned, urgently to consider appropriate and effective action to persuade these banks and financial institutions to desist from all further involvement in apartheid South Africa.

Efforts to End Loans to South Africa

The Seminar recalled that the United Nations adopted numerous resolutions, with overwhelming majorities, calling for a cessation of all loans to the South African racist régime and its agencies, as well as corporations registered in South Africa. It noted with satisfaction the legislative and other measures taken by Nordic and other countries to prevent further investments in, and loans to, South Africa. Some other Western countries have adopted only limited measures, and must be persuaded to prohibit all loans or credits by governmental agencies or private corporations.

The Seminar commended the Government of Nigeria for the action it took against Barclays Bank in protest against the increasing involvement of the bank in South Africa, including participation in Defence Bonds. The announcement by the Nigerian Government that it would take similar action against other enterprises engaged in collaboration with South Africa sets an example for all other governments committed to liberation of southern Africa. It is in sharp contrast with the attitudes of some Western governments which refuse to take any action to prevent the financing of the apartheid régime.

Active campaigns against bank involvement in South Africa have been launched in many countries, with the support of the United Nations, Organization of African Unity (OAU) and the national liberation movements of southern Africa, with the participation of many church groups, trade unions, student organizations, anti-apartheid movements and men and women of conscience. These campaigns have helped mobilize public opinion in Western countries, and have achieved some successes.

For example, in the Netherlands, ABN and Amsterdam Rotterdam Bank agreed to stop loans to South Africa. In Belgium, Banque Bruxelles Lambert committed itself to refrain from granting further loans to the South African Government or its agencies. In Canada, the Toronto Dominion Bank has made a similar pledge. In the United States of America, numerous banks have adopted policies prohibiting or restricting lending to South Africa because of apartheid. Among them are Security Pacific, Chemical Bank, Chase Manhattan, Irving Trust, Bankers Trust, American Express International Bank, Mellon Bank, and Pittsburgh National Bank. In the United Kingdom, the Midland Bank undertook to make no further loans to the South African Government or its agencies. While welcoming the positions taken by all these banks the Seminar considers that they should continue to be pressed for total disengagement from South Africa and Namibia.

In the United States of America and the United Kingdom particularly, there have been numerous withdrawals of accounts and divestment of securities by trade unions, churches, universities, public bodies and city and state pension funds. For example in the United States, the Harvard University recently divested \$51 million of Citibank securities. In addition, the National Council of Churches, the United Methodist Church, the United States Conference of the World Council of Churches have withdrawn accounts worth \$65 million from Citibank. In the United Kingdom, several sizeable accounts have been withdrawn from Barclays Bank including the London Boroughs of Lambeth and Camden, Wrekin Council and the National Union of Public Employees. International bodies such as the Caribbean Conference of Churches, the World Confederation of Labor and the All African Conference of Churches have also closed their Barclays accounts.

These public campaigns have included a wide variety of strategies including: dialogue with management and ongoing discussions; letters of inquiry to banks; shareholder resolutions; establishment of "Shadow Boards" monitoring banks' involvement in South Africa; withdrawal of accounts by concerned institutions and individuals; demonstrations before bank branches and headquarters; media coverage of the issue; selling of bank securities in protest; congratulating banks which have adopted positive policies; pledges to buy no securities of particular banks because of their loans to South Africa; publishing statements by South African leaders opposing loans; open letters to banks signed by prominent citizens; actions by trade unions to remove pension funds invested in banks and companies involved with South Africa; national legislation prohibiting forms of financing of South Africa; local plebiscites on South Africa; and prohibitions by cities or states from doing business with banks lending to South Africa.

The Seminar commends all those engaged in these campaigns, and especially commends the trade unions, churches and students who have played a particularly important role.

The Seminar considers it imperative that these campaigns should be greatly intensified and more effectively co-ordinated, in close co-operation with the United Nations Special Committee against Apartheid, OAU and individual African Governments and national liberation movements.

A Special Appeal to Switzerland and the Federal Republic of Germany

In this connection, the Seminar, on the basis of evidence presented to it, considers it essential to make special mention of banks in Switzerland and the Federal Republic of Germany, including state-controlled banks in the latter, which are playing a special role in renewed lending to South Africa, and are participating in billions of dollars of South African loans.

While many other international banks are currently refusing to lend to the apartheid régime, Swiss and West German banks continue to play a major leadership role in co-ordinating a wide variety of South African financial transactions. The governments concerned have taken no action even to discourage such transactions.

The Seminar notes the growing public concern in the two countries over the implications of these loans to South Africa. It commends the organizations active in promoting public opposition to such loans.

The Seminar makes a special appeal to Swiss and West German banks to end all future loans to South Africa, particularly to the Government and its agencies. It also appeals to the Governments of Switzerland and the Federal Republic of Germany to take action, in accordance with relevant United Nations resolutions, to end loans to South Africa and thereby prevent their societies from becoming involved in supporting the inhuman system of apartheid.

Sales of South African Gold

The mining of gold is of major importance to the stability of the apartheid system and its economy. This industry accounts for some 18 per cent of South Africa's gross domestic product and one-third of its exports, and finances well over half of the country's imports. Moreover, the gold mining industry uniquely mirrors South Africa's exploitation of black migrant labour and the adverse effect it has on the economies of the neighbouring African countries. Gold now provides much of the resources to finance the militarization of the South African economy.

While gold mining and gold sales abroad are of vital importance to the Pretoria régime, this importance does not extend to the international economy or to international monetary relations. South Africa's annual gold production remains less than one per cent of world gold bullion stocks. The international marketing of South Africa's gold output is concentrated in the hands of three leading Swiss banks, four London bullion houses, and three New York gold dealers. Well over 20 per cent of South Africa's gold output is fabricated into the Krugerrand coin for sale to small investors and distributed internationally by some 25 banking outlets.

A viable international strategy for campaigning for a boycott of "apartheid gold" has become an urgent necessity and further study should be undertaken to strengthen this strategy.

The Seminar requests the United Nations and its agencies to urge commitments from all governments to freeze the import of apartheid gold as an essential element in a programme of mandatory sanctions against South Africa. It calls on all gold producing countries to reject and actively oppose South Africa's plans to create an international cartel of gold producing countries under its leadership. It encourages campaigns launched in a number of countries against Krugerrands. The Seminar also calls for public pressures against the holding of shares of South African gold mining companies by banks and institutions.

Recommendations

The Seminar urges action by governments, intergovernmental and non-governmental organizations, and individuals to intensify action to stop all loans, credits and other financial assistance to South Africa. Such action is an imperative demonstration of solidarity with the oppressed people of South Africa in this crucial stage of their struggle against a brutal régime which has proved impervious to all appeals.

It declares that any financial assistance to South Africa represents collusion with apartheid, and is a hostile act against the oppressed people of South Africa and Namibia, as well as the OAU and the United Nations.

It calls on all banks and financial institutions to cease all lending to the South African racist régime and its agencies and to South African corporations.

It calls on all governments to adopt legislation to prohibit any loans, credits, trade financing, or other financial assistance to South Africa.

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It commends organizations and individuals active in campaigns against loans, Krugerrand sales and other financial support for apartheid, and encourages them to extend their activities until all such financial assistance is ended.

It urges churches, trade unions, universities and other institutions to sever relations with banks continuing loans to South Africa, particularly those banks which

- maintain facilities in South Africa
- appear regularly as a "manager" of loans and/or bond issues to South Africa and its parastatals
- have continued substantive lending since the Soweto massacre of 1976
- grant loans having direct/indirect military purpose
- make loans which benefit the nuclear industry
- are involved in gold sales or as buyers of South African gold
- lend to Bantustans.

The Seminar welcomes the resolutions and decisions taken by the United Nations to deny facilities to banks involved in South Africa. It urges full implementation of those resolutions and decisions so that all United Nations bodies and specialized agencies terminate financial relations with, or facilities to, any banks which persist in supporting the apartheid régime. It further urges withdrawal of pension funds of United Nations agencies from such banks, financial institutions and corporations. It considers that such action by the United Nations and its agencies will set an example to Governments, organizations and institutions. The Seminar urges the Special Committee against Apartheid to take urgent action towards this end.

It calls on the United Nations and all Member Governments to provide assistance to the frontline and other neighbouring States in their efforts to extricate themselves from maintaining economic relations with South Africa.

The Seminar expresses its grave concern over the continued provision of credits to the South African racist régime by the International Monetary Fund (IMF). It urges the United Nations and Member Governments to take action to exclude South Africa from the IMF.

The Seminar requests the United Nations Special Committee against Apartheid and the Centre against Apartheid to continue and further develop their research and publication of information related to loans to South Africa. It also requests them to extend publication of information on campaigns against loans, as well as related activities, with a view to facilitate co-ordination of such action.
